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SIPDIS

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TAGS: ECPS ECON ETRD KIPR EG
SUBJECT: AMBASSADOR DISCUSSES ICT MARKET WITH MINISTER OF
COMMUNICATIONS

REF: A. CAIRO 862
     ¶B. CAIRO 783
     ¶C. 2007 CAIRO 1713
     ¶D. CAIRO 201

Classified by Ambassador Margaret Scobey for reasons 1.4 (b)
and (d).

¶1. (C) Summary: In a May 26 introductory call on Minister of
Communications and Information Technology Tarek Kamel, the
Ambassador praised the role of the Ministry and of
information and communications technology (ICT) market growth
in Egypt's economic development, inquired about GOE plans to
protect the free exchange of information on the Internet, and
pushed for further action on intellectual property rights
(IPR) protection for software. Kamel emphasized that the GOE
is committed to maintaining a policy of open access to the
Internet for its citizens, but noted that concerns are
growing over use of the Internet to spread pornography,
exploit children, and incite violence. He said the case of
pirated versions of a U.S. entertainment software company's
products is on-going, but that the MCIT's new IPR body and
the Ministry of Culture are working together to resolve the
problem. Kamel reiterated the GOE's plan to make Egypt a new
hub for offshoring services, and discussed plans to approach
the U.S. and other international partners to cooperate on
cyber safety and cyber security. End summary.

Egyptian Education Initiative

¶2. (SBU) The Ambassador paid an introductory call on MCIT
Minister Dr. Tarek Kamel on May 26. Also present were MCIT
Director of International Relations Ghada Howaidy, National
Telecommunications Regulatory Authority (NTRA) Executive
President Dr. Amr Badawi, and NTRA Economic and Regulatory
Affairs Sector Head Mahmoud El Gowini. The Ambassador began
the meeting by praising the work that the MCIT has done with
the Egyptian Education Initiative (EEI), noting that it is a
model for public-private partnership on perhaps the key
development issue (education) facing Egyptian society. Kamel
praised the work of U.S. companies, and particularly
Microsoft, Intel, and Cisco, in working with the MCIT on the
EEI. He noted that an on-going challenge in education is to
make more Arabic-language content available on-line for
students.

Telecommunications Infrastructure

¶3. (SBU) Asked about broadband availability in Egypt, Kamel
said that availability is not yet sufficient for demand.
Dial-up service is no longer sufficient for new web content
and applications, but continuing problems in capacity
management are hindering new development. However, broadband

providers are adding 25 thousand new households per month, at
an average monthly price of LE 150 to LE 200 (USD 28 to USD
37).

¶4. (SBU) Kamel noted that the MCIT is undertaking a strategy
of phased deregulation of the broadband market as part of its
strategic plan through 2010 (ref C). Controlled deregulation
not only fosters competition in the market to the benefit of
consumers, companies, and Egypt as a whole in the form of
foreign direct investment (FDI), but actually adds money to
GOE coffers in the form of license sales, he said. However,
he continued, this concept can be difficult to explain to GOE
officials and an Egyptian public often critical of
market-based reforms.

¶5. (SBU) The real growth in Egypt, however, has been in
mobile phones, Kamel said. NTRA Executive President Badawi
said that there are now almost 34 million mobile phones in
Egypt, with an estimated 32 to 33 million active subscribers
(out of a population of 78 million). One million new
subscribers are added every month, which sometimes causes
network congestion and quality problems until the providers
can upgrade their networks, he said. Companies also face
popular resistance to installation of new base stations, of
which Egypt already has 12 thousand, because of fears that
mobile phone transmissions could cause cancer, he said.

Internet Freedom and Cyber Safety

¶6. (SBU) The Ambassador asked Kamel about how the GOE is
coping with the increasing free flow of information exchange
via the Internet. Kamel called this a "very difficult"

problem. One the one hand, he said, the GOE is actively
supporting technological expansion so that all Egyptians
benefit from innovation and access to information. Egyptian
Internet service providers (ISPs) are not state-controlled
and the GOE has made it policy to encourage open and free
access to the Internet, he explained. One the other hand,
"we get pressure from the public" when pornography, child
exploitation, and "incitement to violence" spread via the
Internet. Kamel opined that Egypt needs additional dialog
with the U.S. and other international partners on cyber
safety issues such as these.

¶7. (C) Specifically on incitement to violence, Kamel said
that the GOE would not restrict access to the Internet but
that "we need to be ready" for cases such as "what occurred
April 6." (Note: April 6 was the day of a national strike
called for by oppositionists, some of whom spread information
about the strike via the social networking web site Facebook.
 One such "activist" calling for strikes, Israa Abdel Fattah,
was arrested and left the country after being briefly
detained and expressing regret for her actions. Some
violence occurred on the same day by public sector workers
demonstrating for higher wages in a textile town outside of
Cairo, though the connection between these two events is not
clear. See refs A and B for more on the April 6 strikes.
End note.) The Ambassador noted that there is a difference
between explicit calls for violence and incitements to strike
or the expression of political beliefs, and Kamel
acknowledged that the GOE is aware of this distinction. He
opined that calls to violence are less a problem via the
Internet than via mobile phones (NFI). He pledged to
maintain the principle of open access to information, but
noted that these security concerns are growing issues.

Cyber Security

¶8. (SBU) Kamel noted that a key MCIT concern is improving the
GOE's ability to protect critical infrastructure from cyber
attacks, another area in which he hoped for greater
cooperation with the U.S. and international partners. Egypt
is establishing a Computer Emergency Response Team (CERT) at
the NTRA along international models, and plans to reach out
to the U.S. and other countries to seek assistance improving

its capabilities. Kamel noted that, since the Internet is global, CERTs are more effective when they cooperate, and the MCIT is seeking international cooperation in this vein.

ICT Industry Development

¶9. (SBU) As part of its strategic plan, the MCIT is continuing to promote ICT industry development along the "Smart Village" model. (Note: The Smart Village is a technology park on the outskirts of Cairo that provides shared infrastructure for ICT companies. Multinational and Egyptian technology companies have offices there, as do the MCIT and NTRA. It is run by the Smart Village Company on a public-private partnership model. End note.) A key element is to promote Egypt as a hub for offshoring; Kamel noted that already almost 25 mostly-multinational companies have based regional call centers or technical support offices in the Smart Village.

¶10. (SBU) Kamel said that the ICT sector in Egypt employs about 35 to 40 thousand Egyptians and is growing by 10 thousand jobs per year. Asked about other ICT competitors in the region, Kamel said that there are few and that the market is big enough that everyone can win. The UAE has to import labor; "they're the business facade, we're the kitchen," North Africa caters mostly to the Francophone and African market, and Jordan has a limited labor market. Egypt, meanwhile, has fifteen to twenty thousand graduates with strong language skills in the field of ICT annually. Even some Indian companies are beginning to invest in Egypt, Kamel said, noting that India - the natural comparison for an offshoring success story - has a large head-start in the offshoring market and a huge population advantage.

¶11. (SBU) In universities, Kamel said that starting in February 2008 the MCIT in conjunction with several private companies worked with three Egyptian universities to help them develop their curricula in skills critical to success in the ICT market, particularly entrepreneurial, language, and presentation skills. Kamel said that since ICT is an enabler for other sectors, they are working not only in the faculties of engineering and information technology but also in other faculties.

¶12. (SBU) The ICT sector is growing at 20 percent per year in Egypt, he said, with USD 1 billion in ICT FDI coming in per year, which has a beneficial effect in the Egyptian economy as a whole. Kamel again praised U.S. ICT companies, this time for the essential role they played over the past five years in the development of Egypt's ICT market. Kamel noted that the Egyptian public in general probably does not yet understand the dramatic changes and improvements that ICT has brought to Egypt. However, one visible aspect has been mobile phones, which have dramatically changed small business.

IPR

¶13. (SBU) IPR protection for software is an on-going struggle, said Kamel. Microsoft has made some headway against piracy by making available products at reduced prices, as has Intel, but we "need to work more on awareness." The Ambassador congratulated Kamel on Egypt's move off of the Special 301 Priority Watchlist, but noted that this move was largely based on confidence that Kamel and other Egyptian ministers would continue to work hard to enforce IPR protections.

14 (SBU) The Ambassador inquired about the on-going case of pirated versions of Electronic Arts (EA) Games (ref D), and the role of the Information Technology Industry Development Authority (ITIDA) in resolving the problem (a new body under the MCIT that has authority over IPR cases for software). Kamel noted that games, since they are multi-media and not just technology, still fall also under the purview of the Ministry of Culture, but that "we are resolving this between

us." The Ambassador noted that progress on this case would
be an example of Egypt's commitment to IPR protections.

Government to Government Relations

¶15. (SBU) Kamel noted that he is keen to increase U.S.-Egypt
government to government relations in ICT, particularly with
the Department of Commerce. He looked forward to meeting
U.S. officials in Cairo in November 2008 for an ICANN meeting
and in November 2009 for the Internet governance forum.
SCOBEY